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Japan

Fresh Deciduous Fruit

Stone Fruit Annual - Cherries, Peaches and Nectarines

2006

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Report Highlights:

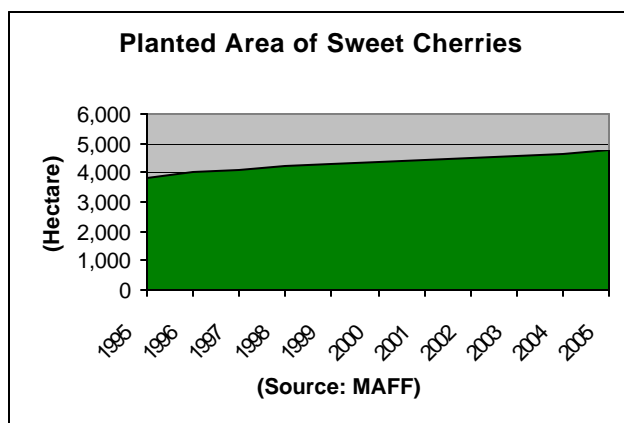
Japan's sweet cherry growing area has been increasing fairly steadily, as market prices for sweet cherries has been relatively high. Japanese industry sources expect an average sweet cherry crop of about 19,000 - 20,000 metric tons of in 2006. Tokyo traders expect a recovery of sweet cherry imports from California in 2006, reaching the level of one million cartons. Imports from the Pacific Northwest are expected to be around 500,000 - 600,000 cartons. Japan's growing area of peach trees is declining slowly due primarily to a farm labor shortage. Japanese imports of U.S. nectarines are expected to reach about 50 - 100 metric tons in 2006. Japanese national chain stores plan to sell U.S. nectarines nationwide in the summer of 2006.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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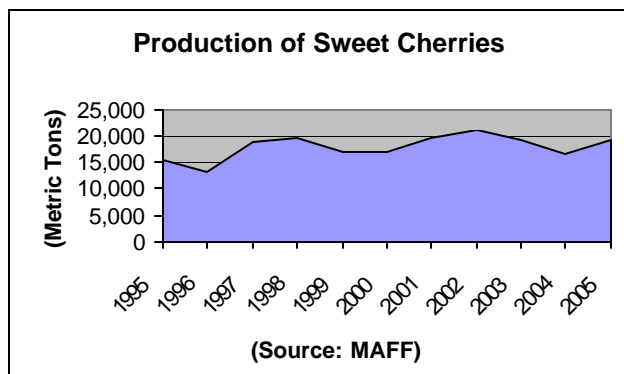
Japan's Cherry Planted Area Grows Steadily



The planted area of sweet cherries in Japan has grown approximately 25 percent in the last decade to 4,800 hectares in 2005 from 3,850 hectares in 1995. The nation's actual production of sweet cherries has ranged from 13,200 metric tons to 21,200 metric tons, depending on weather conditions. Japan produces mostly sweet cherries and very few tart cherries.

Yamagata prefecture, approximately 250 miles north of Tokyo, is by far the country's largest producing region of sweet cherries accounting for approximately 69 percent of nation's total output, followed by *Aomori* prefecture, which produces approximately

8 percent. *Satonishiki*, a similar variety to U.S. Rainier cherry, is the most popular variety grown in Japan, accounting for approximately 72 percent of the total output. Dark sweet cherry varieties such as Bing, Brooks and Tulare are not grown commercially in Japan. Approximately 85 percent of the nation's sweet cherry output is consumed fresh, with the rest processed and sold in cans or jars.



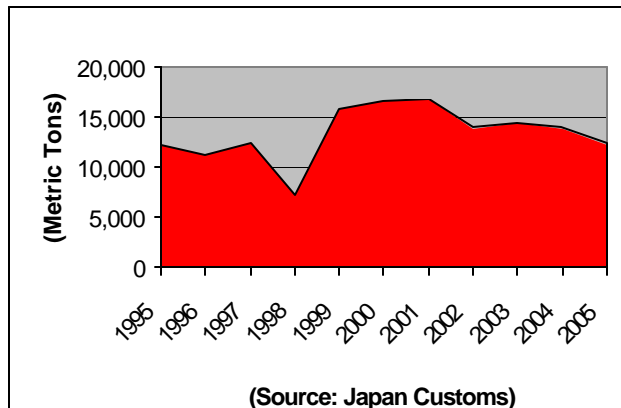
An accurate crop forecast is not available until early June, but according to Tokyo traders, the *Yamagata* region experienced relatively cold temperatures this winter with a record snowfall. The 2006 blossoming of cherry trees is expected a week to 10 days earlier than normal years, since spring temperatures in the growing regions rose fairly quickly in March. Therefore fruit may become available in the market earlier than normal years. Fruit setting is expected to take place in early May. The peak harvesting is expected to

occur in mid June. According to traders, it is still too early to accurately forecast this season's crop size, but they expect an average level of 19,000 to 20,000 metric tons, provided that good fruit setting takes place.

Sweet Cherry Imports from California Expected to Recover This Season

In the 2005 season, Japan imported approximately 800,000 cartons (7,200 metric tons) of sweet cherries from California, down approximately 22 percent from the previous season due to the cold temperatures and heavy rainfalls in the growing regions. Tokyo traders expect shipments from California to reach 1 million cartons (9,000 metric tons) in the 2006 season, provided that weather conditions are favorable in the rest of the season. The 2006 season's first arrival is expected to be delayed approximately one week from normal because of a short crop of the early crop varieties such as Brooks and Tulare due to cold spring temperatures in California. The first product will likely arrive in Japan's Golden Week (a week-long holiday in early May). When California producers complete their harvest in mid June, Japanese traders will switch their sales to the Pacific Northwest (Washington and

Oregon States) products. Imports of approximately 500,000 to 600,000 cartons (5,000 to 6,000 metric tons) of the Pacific Northwest cherries are expected in the 2006 season.



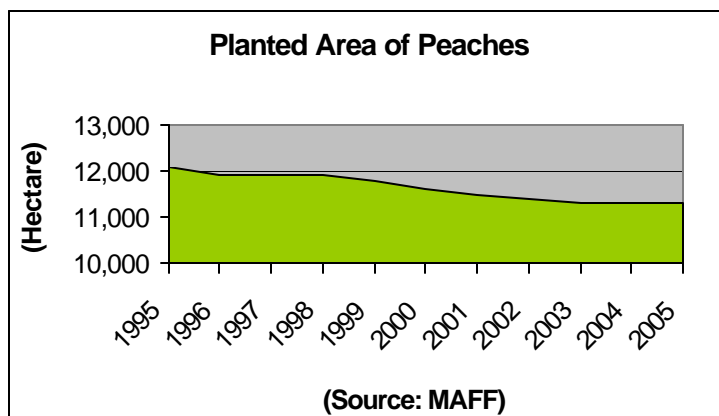
A great deal of U.S. sweet cherries are consumed fresh in Japan and marketed through supermarkets, national chains and department stores. They are commonly packaged in clamshell type plastic containers of 200 – 300 grams each. Neither import nor retail prices are available until the actual sales start in May. Japanese retailers often sell U.S. sweet cherries at 98 yen (\$0.83) per 100 grams during the prime sales season.

Sales of Pacific Northwest Cherries Overlap With Domestic Sales

Prime sales of Pacific Northwest cherries start in late June in Japan's retail stores, coinciding with the sale of domestic cherries. The majority of the Pacific Northwest cherries are the dark sweet types, while Japanese cherries are light colored sweet cherries, similar to Washington's Rainer cherries. The Pacific Northwest and Japanese cherries are two different types of cherries and it is believed that they do not compete very much with each other in the market. Recently, domestic cherries are packaged in similar plastic containers as U.S. ones and often sold at approximately 500 - 600 yen (\$4.24 - \$5.10) for a package of 200 – 250 grams in retail stores. Domestic cherries are fairly small compared to the size of U.S. ones but they are sold at more than double the price.

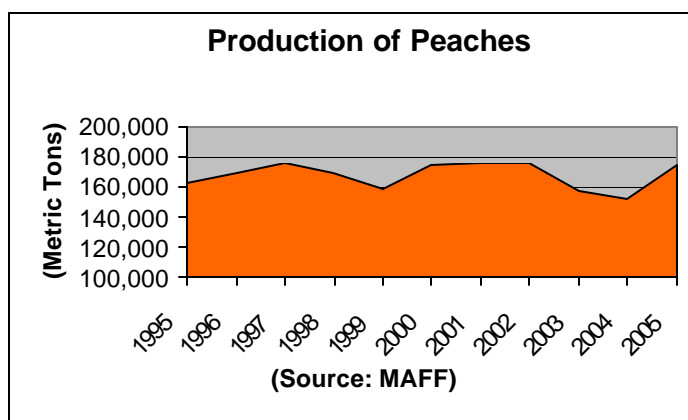
In the 2005 season, the United States exported 12,256 metric tons of sweet cherries to Japan from April through July, providing 99.14 percent of Japan's sweet cherry imports, valued at approximately \$96.2 million on a CIF basis. Southern Hemisphere countries also exported sweet cherries to Japan during Japan's winter season. Chile exported approximately 105 metric tons from November through January. New Zealand and Australia exported 642 and 292 kilograms, respectively, in December 2005.

Japan's Planted Area of Peach Trees Declines Slowly



Although in 2005 Japan's planted area of peach trees was the same level as the previous year, it is expected to decline slowly in the future due to a shortage of farm labor. The 2005 planted area of peach trees was 11,300 hectares, of which 10,300 hectares were harvested, according to the Ministry of Agriculture, Forestry and Fisheries (MAFF). The nation's fresh peach output varies from 152,000 to 175,000 metric tons, and is significantly affected by weather

related factors such as temperatures, rainfall and occasional typhoons. The 2005 peach production was 174,000 metric tons, up approximately 15 percent from the previous year, due largely to good weather during the fruit setting and fruit growing stages.

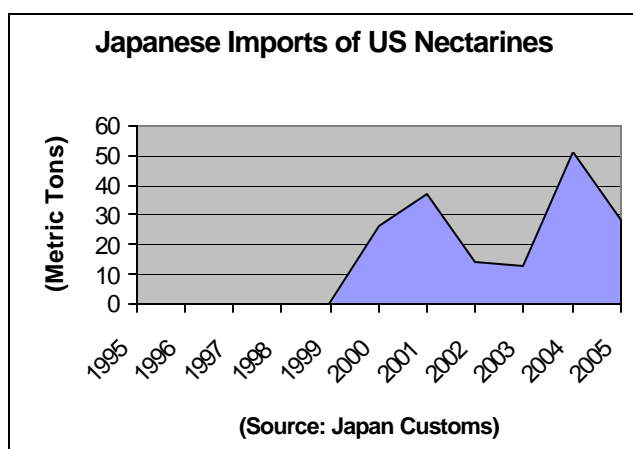


Peaches grown in Japan are white, sweet, and extremely juicy. Japanese production of yellow peaches and nectarines is relatively small. Approximately 70 percent of the nation's peaches are grown in three regions: *Yamanashi* prefecture (approximately 35 percent of the total output) *Fukushima* prefecture (19 percent) and *Nagano* prefecture (14 percent). The *Yamanashi* region grows mostly early-crop types, which are harvest in late June through July, while the crop from *Fukushima* are available in late July through August,

with sales targeted at Japan's mid summer "Bon" holiday.

The 2006 crop forecast for Japanese peaches is not available until June. According to industry sources, it is still too early in the season to forecast the crop, especially before the fruit setting, which takes place in early May. Japan, including the major peach growing regions, experienced a fairly cold winter in 2006 and spring temperatures rose fairly quickly in March. These weather conditions will likely encourage peach blossoming earlier than in average years, and according to Tokyo traders, peach harvesting may start earlier than normal.

Japanese Retailers Likely to Increase Sales of U.S. Nectarines in 2006



Japan's major supermarkets plan to market U.S. nectarines nationwide in the summer of 2006, according to Tokyo traders. U.S. nectarines are expected to arrive to Japan from mid June through August. White nectarines (*Summerwhite*) are rather popular among Japanese consumers compared to the yellow type (*Summergold*). U.S. nectarines are expected to sell at 98 – 115 yen (\$0.83 - \$0.97) per fruit in Japan's national chain stores. U.S. nectarines arrive to Japan in 4.5-kilogram single layer carton boxes, similar to U.S. avocado boxes. According to industry sources, Japanese imports of

U.S. nectarines are expected to reach about 50 – 100 metric tons in the 2006 season.

In the 2005 season, Japan imported 28 metric tons of U.S. nectarines in June and July, valued at approximately \$91,000 on a CIF basis. Japan continues to prohibit imports of fresh peaches from the United States for plant quarantine reasons.

Japanese Import Duties on Fresh Cherries and Fresh Nectarines

DESCRIPTION TARIFF CODE (HS)	DUTY RATE
Fresh Cherries 0809.20-000	8.5 %
Fresh Nectarines 0809.30-000	6.0 %

All duties are charged on a CIF basis.

PS&D Table and Trade Matrices

Fresh Cherry PS&D Table

PSD TABLE						
Country	Japan					
Commodity	Fresh Cherries,(Sweet&S our)				(HA)(1000 TREES)(MT)	
	2005	Revised	2006	Estimate	2007	Forecast
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[Ne w]	USDA Official [Old]	Post Estimate[Ne w]
Market Year Begin		01/2005		01/2006		01/2007
Area Planted	4840	4800	0	4900	0	5000
Area Harvested	4340	4280	0	4380	0	4480
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	17800	16900	0	17300	0	17800
Non-Comm. Production	2200	2200	0	2200	0	2200
TOTAL Production	20000	19100	0	19500	0	20000
TOTAL Imports	14000	12363	0	14000	0	14000
TOTAL SUPPLY	34000	31463	0	33500	0	34000
Domestic Fresh Consump	33000	28663	0	30700	0	31200
Exports, Fresh Only	0	0	0	0	0	0
For Processing	1000	2800	0	2800	0	2800
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	34000	31463	0	33500	0	34000

Fresh Cherry Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Fresh Cherries,(Sweet&Sour)		
Time Period	Jan.-Dec.	Units:	Metric Tons
Imports for:	2004		2005
U.S.	13765	U.S.	12256
Others		Others	
Chile	176	Chile	105
Total for Others	176		105
Others not Listed	0		1
Grand Total	13941		12362

Fresh Cherry Wholesale Price Table

PRICES TABLE			
Country	Japan		
Commodity	Fresh Cherries,(Sweet&Sour)		
Prices in	Yen	per uom	KG
Year	2004	2005	% Change
Jan			
Feb			
Mar			
Apr	9457	10098	7%
May	4339	4974	15%
Jun	1861	1686	-9%
Jul	1482	1023	-31%
Aug	2525	1249	-51%
Sep			
Oct			
Nov			
Dec			
Exchange Rate	117.73	Local Currency/US \$	
Date of Quote	3/9/2006	MM/DD/YYYY	

Fresh Peach & Nectarine PS&D Table

PSD TABLE						
Country	Japan					
Commodity	Fresh Peaches & Nectarines				(HA)(1000 TREES)(MT)	
	2005	Revised	2006	Estimate	2007	Forecast
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]
Market Year Begin		01/2005		01/2006		01/2007
Area Planted	11200	11300	0	11200	0	11200
Area Harvested	10200	10300	0	10200	0	10200
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	143000	160400	0	157000	0	157000
Non-Comm. Production	12000	13600	0	13000	0	13000
TOTAL Production	155000	174000	0	170000	0	170000
TOTAL Imports	100	29	0	100	0	100
TOTAL SUPPLY	155100	174029	0	170100	0	170100
Domestic Fresh Consump	135720	152616	0	149100	0	149000
Exports, Fresh Only	380	713	0	800	0	900
For Processing	19000	20700	0	20200	0	20200
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	155100	174029	0	170100	0	170100

Fresh Peach & Nectarine Export Trade Matrix

EXPORT TRADE MATRIX			
Country	Japan		
Commodity	Fresh Peaches & Nectarines		
Time Period	Jan.-Dec.	Units:	Metric Tons
Exports for:	2004		2005
U.S.	0	U.S.	0
Others		Others	
Taiwan	355	Taiwan	665
Hong Kong	17	Hong Kong	46
Singapore	1	Singapore	2
Total for Others	373		713
Others not Listed	1		0
Grand Total	374		713

Fresh Peach & Nectarine Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Fresh Peaches & Nectarine s		
Time Period	Jan.-Dec.	Units:	Metric Tons
Imports for:	2004		2005
U.S.	51	U.S.	28
Others		Others	
South Korea	21	South Korea	1
Total for Others	21		1
Others not Listed	0		0
Grand Total	72		29

Fresh Peach & Nectarine Wholesale Price Table

PRICES TABLE			
Country	Japan		
Commodity	Fresh Peaches & Nectarines		
Prices in	Yen	per uom	KG
Year	2004	2005	% Change
Jan			
Feb			
Mar			
Apr	5203	10008	92%
May	1372	1563	14%
Jun	499	620	24%
Jul	501	403	-20%
Aug	421	326	-23%
Sep	402	309	-23%
Oct	515	386	-25%
Nov			
Dec			
Exchange Rate	117.73	Local Currency/US \$	
Date of Quote	3/9/2006	MM/DD/YYYY	